



**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D.C. 20463

**Jonathan Neerman, Treasurer**  
**Dallas County Republican Party**  
**10100 North Central Expressway, Suite 175**  
**Dallas, Texas 75231**

**JUL 9 2009**

**RE: MUR 6204**  
**Dallas County Republican Party and**  
**Jonathan Neerman, in his official**  
**capacity as treasurer**

**Dear Mr. Neerman:**

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission (the "Commission") became aware of information suggesting Dallas County Republican Party ("Committee") and you, in your official capacity as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On June 24, 2009, the Federal Election Commission found that there is reason to believe that Committee and you, in your official capacity as treasurer, violated 2 U.S.C. §§ 434(b)(2),(4) and (5), provisions of the Act. Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

We have also enclosed a brief description of the Commission's procedures for handling possible violations of the Act. In addition, please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519. In the meantime, this matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

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If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed Designation of Counsel form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

We look forward to your response.

On behalf of the Commission,

  
Steven T. Walther  
Chairman

Enclosures  
Factual and Legal Analysis

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** Dallas County Republican Party and  
Jonathan Neerman, in his official  
capacity as treasurer

**MUR: 6204**

**I. GENERATION OF MATTER**

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities.

*See 2 U.S.C. § 437g(a)(2).*

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Background**

The Audit Division conducted an audit of the Committee for the period between January 1, 2005 and December 31, 2006 and referred two audit findings to the Office of General Counsel for enforcement action. The findings relate to the Committee's misstatement of financial activity in 2006 and its failure to disclose required information regarding disbursements or disclosing inaccurate information regarding disbursements in 2005 and 2006.

**B. Misstatement of Financial Activity**

Each treasurer of a political committee is required to file reports of receipts and disbursements in accordance with 2 U.S.C. § 434(a). Each report shall disclose the total amount of receipts for the reporting period and for the calendar year, and the total amount of disbursements for the reporting period and for the calendar year. 2 U.S.C. §§ 434(b)(2) and (4).

In 2006, the Committee misstated its financial activity by failing to report \$98,000 in transfers from its non-federal account to pay for allocable activity, \$53,000 in transfers for non-allocable activity to the Republican Party of Texas for non-federal mailings, \$2,997 in individual

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contributions, \$7,780 in in-kind contributions for a Lincoln Day Dinner silent auction as a receipt, \$177,000 in payments made to the Republican Party of Texas for non-federal mailings, \$14,099 in disbursements for shared federal and non-federal activity, \$749 in other disbursements, \$7,780 in in-kind contributions for the 2006 Lincoln Day Dinner silent auction as a disbursement,<sup>1</sup> and overstating \$7,089 in disbursements for combined federal and non-federal activity and \$2,247 for another disbursement. There were also unexplained differences of \$7,935 on the receipt side and \$1,826 on the disbursement side.

Therefore, there is reason to believe that Dallas County Republican Party and Jonathan Neerman, in his official capacity as treasurer, violated 2 U.S.C. §§ 434(b)(2) and (4).

**C. Disclosure of Disbursements**

Each report of a political committee shall disclose the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 is made to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure. 2 U.S.C. § 434(b)(5). "Purpose of the operating expenditure" means a brief statement or description of why the disbursement was made. 11 C.F.R. § 104.3(b)(3)(i)(A). The Commission's regulations set forth examples of statements or descriptions which both meet and do not meet the requirements for reporting the purpose of an expenditure. See 11 C.F.R. § 104.3(b)(3)(i)(B). See also Commission's Statement of Policy: "Purpose of Disbursement" Entries for Filings with the Commission, 72 Fed. Reg. 887 (2007).

The Committee disclosed inaccurate or incomplete disclosure or incomplete information regarding disbursements in 2005 and 2006 totaling \$344,013, consisting of three disbursements

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<sup>1</sup> In-kind contributions must be reported as both a receipt and a disbursement. 11 C.F.R. § 104.13(a)(1) and (2).

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totaling \$3,956 with the incorrect amount reported, seven disbursements totaling \$27,575 with the incorrect payment date reported, forty-four disbursements totaling \$97,222 in staff reimbursements that did not list the staff person as the original payee, and fifty disbursements totaling \$215,261 that were identified by the Audit Division as lacking or inadequately disclosing correct or adequate purpose.

Therefore, there is reason to believe that Dallas County Republican Party and Jonathan Neerman, in his official capacity as treasurer, violated 2 U.S.C. § 434(b)(5).